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BIWEEKLY REPORT

**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC-WGR-1/85

11 May 1959

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE



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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

Printed and Disseminated by the
Central Intelligence Agency

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Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010085-7

Summary of Events* 24 April - 7 May 1959

Nepal is to receive its first economic aid from the USSR under two economic assistance agreements. Within the framework of these agreements, Nepal for the first time will admit Bloc technicians. This aid, which has been extended in the form of grants valued at \$7.5 million, when added to the \$12.6 million grant extended by Communist China in October 1957 brings total Sino-Soviet Bloc assistance to Nepal to approximately \$20 million.

An Indonesian official has revealed that the total value of the Chinese Communist loan agreement with Indonesia is \$20 million. About \$11 million were used in 1958 for rice and textiles. The remaining \$9 million are to be spent on industrial equipment and construction.

An Egyptian technical mission left Cairo for Moscow on 6 May to consult Soviet technical experts on completed engineering plans for the Aswan High Dam. The mission will discuss proposed amendments and will determine technical personnel and equipment to be supplied by the USSR.

A mission of Soviet oil experts arrived in Iraq during April to carry out a survey under the terms of the Soviet-Iraqi economic agreement signed on 16 March 1959.

Officials of the Iranian Ministry of Foreign Trade have stated that the Soviet trade agency approached the Iranian government recently to confirm the level of trade, as set forth in the Soviet-Iranian Trade Protocol of 1957, for the year beginning on 22 March 1959.

Czechoslovakia and Poland are reported to have offered Guinea, free of charge, highway equipment valued at \$600,000. In addition, Czechoslovakia and East Germany are said to be donating six fishing boats.

* An unclassified table summarizing the economic activities of the Bloc in underdeveloped countries of the Free World as of 30 April 1959 is included in this issue on p. 15.

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Yugoslavia's application for "observer" status in the Soviet Bloc Council for Mutual Economic Assistance (CEMA) has been rejected. The Yugoslav government contends that the rejection was inspired exclusively by political motives, with the aim of putting more economic pressure on Yugoslavia by restricting its relations with Eastern European countries.

The Soviet Bloc is continuing to extend its penetration of the Afghan economy. Although the Afghan government has repeatedly asserted confidence in its ability to maintain a neutral position between the Bloc and the West, Kabul may have underestimated the impact of Bloc economic activities in the country and minimized the extent to which the country's trade and developmental prospects have become dependent on the Bloc.

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